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Chromo

Assistant Director for Research and Reports

24 October 1956

THRU : Chief, Economic Research Area
Acting Chief, Industrial Division, ORR

Trip Report: Visit to Air Technical Intelligence Center (APOIN-4).

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1. On 8 and 9 October Messrs. [REDACTED] visited ATIC to become familiar with the activities of that organization in the fields of electronics, guided missiles and aircraft. The visit was in response to an invitation from Brigadier General Watson to the Assistant Director for Research and Reports.

2. The first day of the visit was occupied by an extensive, optimistic briefing on the activities of the Directorate for Air Weapons Systems APOIN-4F and of the Directorate for Science and Components APOIN-4E. An outline of the agenda for these briefings and the persons giving the various briefings is attached.

3. Aside from the substance of the briefings one factor concerning the operation of ATIC was brought out quite vividly. ATIC considers that it has two types of capabilities -- "Inhouse" and "External". The "Inhouse" capabilities are the capabilities of the analysts employed directly by ATIC. The "External" are the capabilities of the various organizations under contract to ATIC to produce intelligence materials and evaluations. ATIC admits that its "Inhouse" capabilities are extremely limited. In fact, the major objectives of ATIC appear to be the building up of the "External" capabilities. Under this arrangement, the "Inhouse" capability tends to be directed toward the administration and management of the contracts which develop the "External" capabilities and produce the intelligence materials. One of the briefers said that his people operate more like contract administrators than intelligence analysts. With this point of view there is little wonder that ATIC was surprised that ORR did not have a large number of external contracts.

4. It was brought out in these briefings that the external contracts of APOIN-4E alone amounted to over a million dollars in 1956, and will amount to 1.4 million dollars in the Fiscal Year 1957. In conversations with several of the people at ATIC the impression was obtained that ATIC was finding it difficult to formulate enough research projects to spend this money. The largest single contract

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appeared to be Project "White Stork" with Battelle Institute. This contract in Fiscal '57 will be about 650 thousand dollars. Battelle seems to be used across the board to produce intelligence and evaluations as well as to translate documents. About \$100,000 is spent on the scientific consultants. These consultants evaluate scientific and technical literature from foreign sources, express judgments on studies completed for ATIC by contractors, travel abroad to conduct surveys on the status of R. and D. in the Western world, and are available for participation in exchange delegations.

5. The second day was spent in individual discussions with analysts in the various fields of interest. Attached are reports from [redacted] on their activities during this period. I had some conversations on some special projects with Lt. Colonel Manatt of the Guided Missiles Division. There seemed to be a general lack of information on the results of these special projects. Colonel Manatt expressed a deep desire to visit ORR and discuss the results of one of these projects. In our discussions he suggested that ORR invite General Watson, Colonel Manatt and Mr. William Laxon to be briefed by ORR on these projects. It has been ascertained that these three gentlemen have the necessary clearances. It is therefore recommended that such an invitation be extended to these gentlemen in the near future.

6. Near the end of the visit Colonel Gilbert, Mr. Post and Mr. Dobler of AFON-4E and the ORR personnel participated in a "summing-up". Mr. Post led off the discussion by suggesting that ORR levy its requirements for information and cost estimates on US contractors through ATIC. He suggested that ATIC's connection with Air Material Command (AMC) and Air Research Development Command (ARDC) put that organization in an ideal position for collecting data from contractors. Mr. Post was told that ORR has had some unsatisfactory experiences in dealing with contractors through middle men and that it preferred to deal directly with manufacturers. It was pointed out that this permitted ORR to explain its needs fully and to make adjustments in the requirements in accordance with the capabilities of the contractor. It was also pointed out that we could anticipate reluctance on the part of contractors to supply objective information if contractors anticipated the possibility that this information would be fed back through AMC into the contractors' other negotiations. It was

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therefore concluded that ORR would prefer to review ATIC contracts and make suggestions as to the form and type of the technical information collected by ATIC so that it could be used later by ORR in gathering its cost data from manufacturers.

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Attachments:

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1. Agenda
 2. [Redacted] Report
 3. [Redacted] Report
 4. [Redacted] Report

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